

ORDER NO. 5735

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Competitive Product Prices
Priority Mail Contract 203 (MC2016-110)
Negotiated Service Agreements

Docket No. CP2016-138

ORDER APPROVING AMENDMENT SEVEN TO
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued October 21, 2020)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail Contract 203, Filed Under Seal, October 20, 2020 (Notice). The amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 3221, the Commission approved the Priority Mail Contract 203 negotiated service agreement (Existing Agreement).² On October 20, 2020, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective one calendar day after the date that the Commission completes its review of the Notice. Notice at 1.

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

² See Docket Nos. MC2016-110 and CP2016-138, Order Adding Priority Mail Contract 203 to the Competitive Product List, April 7, 2016 (Order No. 3221). The contract was later amended. See Order Approving Amendment to Priority Mail Negotiated Service Agreement, January 11, 2017 (Order No. 3744); Order Approving Amendment to a Priority Mail Negotiated Service Agreement, January 11, 2017 (Order No. 3744); Order Approving Amendment to Priority Mail Negotiated Service Agreement, September 27, 2017 (Order No. 4131); Order Approving Amendment Three to Priority Mail Negotiated Service Agreement, June 19, 2018 (Order No. 4654); Order Approving Amendment Four to Priority Mail Negotiated Service Agreement, September 5, 2019 (Order No. 5219); Order Approving Amendment Five to Priority Mail Negotiated Service Agreement, April 17, 2020 (Order No. 5480); Order Approving Amendment Six to Priority Mail Negotiated Service Agreement, July 17, 2020 (Order No. 5590).

The Existing Agreement is set to expire October 31, 2020.³ The Amendment revises the expiration date of the contract to January 31, 2021, or one calendar day prior to the effective date of the Postal Service's first change in published rates of general applicability for competitive products in 2021, whichever occurs first. Notice, Attachment A at 1.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective one calendar day after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire January 31, 2021, or one calendar day prior to the effective date of the Postal Service's first change in published rates of general applicability for competitive products in 2021, whichever occurs first. *Id.* Attachment A at 1.

If the Existing Agreement, as amended, is terminated prior to January 31, 2021, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

³ See Order No. 3221 at 9 (setting original expiration date as April 10, 2019); USPS Notice of Extension of Priority Mail Contract 203, April 3, 2019, at 1 (extending contract to July 9, 2019); USPS Notice of Extension of Priority Mail Contract 203, July 1, 2019, at 1 (extending contract to October 7, 2019); Order No. 5219 at 3 (revising expiration date to April 30, 2020); Order No. 5480 at 3 (revising expiration date to July 31, 2020); Order No. 5590 at 3 (revising expiration date to October 31, 2020).

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail Contract 203 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to January 31, 2021.

By the Commission.

Erica A. Barker
Secretary